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Financing of the United Nations Mission of Support in East Timor

Financial performance report for the period from 1 July 2004 to 30 June 2005 and financing for the period from 1 July 2005 to 30 June 2006 (Final disposition of assets) of the United Nations Mission of Support in East Timor

Report of the Advisory Committee on Administrative and Budgetary Questions

Appropriation for 2004/05	$85,153,700
Expenditure for 2004/05	$81,549,200
Unencumbered balance	$3,604,500

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the performance report on the budget for the period from 1 July 2004 to 30 June 2005 (A/60/614) and the report on the financing of the United Nations Mission of Support in East Timor (UNMISET) (A/60/703).

2. The Advisory Committee's general report on the administrative and budgetary aspects of United Nations peacekeeping operations will contain its views and recommendations on a number of cross-cutting issues. In the present report, the Advisory Committee deals with resources and other items that relate specifically to UNMISET.

3. The documents used by the Advisory Committee in its consideration of the financing of UNMISET are listed at the end of the present report.

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II. Financial performance report for the period from 1 July 2004 to 30 June 2005 (A/60/614)

A. Mandate and results

4. On the recommendation of the Advisory Committee, the General Assembly, by its resolution 59/13 A, appropriated $85,153,700 gross ($79,391,700 net) for the maintenance of the Mission for the period from 1 July 2004 to 20 May 2005 and the commencement of liquidation activities of the Mission for the period from 21 May to 30 June 2005, inclusive of the amount of $30,485,600 gross ($28,399,200 net) previously authorized by the Assembly under the terms of its resolution 58/260 B for the period from 1 July to 31 October 2004.

5. Expenditures for the period from 1 July 2004 to 30 June 2005 totalled $81,549,200 gross ($76,195,900 net), which is $3,604,500, or 4.2 per cent, lower than the appropriation of $85,153,700 (see A/60/614, sect. III.A).

6. The Mission's framework is grouped into three programmes, namely (a) public administration and justice system of Timor-Leste and justice in the area of serious crimes; (b) development of law enforcement of Timor-Leste; and (c) security and stability of Timor-Leste, plus a support component (A/60/614, para. 5). **The Advisory Committee notes that the information contained within the results-based budget framework for the 2004/05 time period provided a detailed snapshot of the Mission's planned indicators of achievement and related outputs.**

7. In accordance with Security Council resolution 1599 (2005), the mandate of the follow-on special political mission, the United Nations Office in Timor-Leste (UNOTIL), will end on 20 May 2006. The Advisory Committee has recommended acceptance of the estimates proposed for UNOTIL until 20 May 2006, as noted in its report on the estimates in respect of special political missions, good offices and other political initiatives authorized by the General Assembly and/or the Security Council (A/60/7/Add.37, para. 49). The Advisory Committee was informed that future arrangements and the related budgetary requirements, if any, would depend on such decision as the Security Council might take on the nature of a United Nations presence after 20 May 2006.

B. Utilization of resources

8. The unutilized balance was attributable mainly to lower requirements under (a) international staff, owing to a vacancy rate of 23.4 per cent as compared to the budgeted rate of 15 per cent; (b) general temporary assistance, reflecting a vacancy rate for civilian advisers of 10.3 per cent of the full incumbency of 58 positions; (c) facilities and infrastructure, as a result of reduced safety and security installation requirements and lower actual cost of the refurbishment of premises handed over to the Government of Timor-Leste; (d) ground and air transportation, because of reduced spare parts requirements and a waiver of most service fees for the use of the local airport; and (e) other supplies, owing to lower demining-related requirements. The additional requirements of UNMISET in excess of the budget were under (a) military observers, military contingents, civilian police and United Nations volunteers, owing to increased travel costs; and (b) medical expenses for the

acquisition of equipment for the military medical surgery and trauma team and medical supplies for one of the contingents.

9. With regard to international staff, the Mission's supplementary information indicates an appropriation of $29,475,100 for the 2004/05 budget period. A total of $27,072,000 was expended, which is $2,403,100 (8.2 per cent) below the appropriated amount. Savings were attributable to the faster-than-anticipated drawdown of international staff. It was projected that an average of 244 international staff would be deployed at the Mission; however, actual deployment averaged 187 international staff. In this respect, the Committee notes that an amount of $877,700 has been appropriated for international staff for the current 2005/06 period; as at 28 February 2006, a total of $1,082,600 had been expended. When queried, the Secretariat indicated that the imbalance between the periods was attributable to a delay in the issuance of personnel actions for some staff members who were transferred out of the Mission during the 2004/05 period; those personnel actions were subsequently charged to the current 2005/06 period. The Secretariat indicated that corrective action was being taken.

10. During the administrative transition, the Mission has handed over seven properties to the Government of Timor-Leste, retained seven properties for use by UNOTIL and closed one office in Jakarta (A/60/614, sect. II, expected accomplishment 4.1). The Advisory Committee was informed that, as a matter of policy, properties used by the Mission should be returned in their original condition. The Advisory Committee notes that "All premises handed over met or exceeded the environmental standards of the Department of Peacekeeping Operations with no claims from the Government of Timor-Leste" (A/60/614, sect. II, expected accomplishment 4.1).

11. An amount of $60,000 in voluntary contributions in kind was made available for the 2004/05 budget period from the government of the Northern Territory, Australia, for office premises in Darwin (A/60/614, sect. III.A). Upon enquiry, the Committee was informed that the premises in Darwin had been useful for administrative purposes, in particular for the facilitation of official transit travel to and from Timor-Leste. It was expected that the Darwin premises would be used by UNOTIL until there was no further need for travel facilitation and related administrative services.

12. The Committee notes from supplementary information provided to it that, for the 2004/05 budget period, a total of $1,612,300 was appropriated for petrol, oil and lubricants; the actual expenditure amounted to $2,512,800, which is $900,500 (55.9 per cent) above the budgeted amount. The variance was attributable to a 25 per cent increase in the cost of generator fuel from the budgeted rate of $0.40 per litre to the actual rate of $0.50 per litre. The Committee requested a clarification as to why the 25 per cent increase in fuel prices resulted in 55.9 per cent in excess expenditures. The Secretariat clarified that the installation of a transformer had been cancelled; the transformer would have connected the Obrigado Barracks compound to municipal electricity services and the Mission would have utilized the national power supply. As a result, the Mission had to rely on its own generators for its power supply. The reasons for the additional expenditure are thus twofold: (a) an increased consumption of generator fuel because more generators were being used; and (b) a 25 per cent increase in the generator fuel price.

13. The Secretary-General, in his report on liabilities and proposed funding for after-service health insurance benefits (A/60/450), proposed a number of measures that needed to be taken to fund and account for the accrued liabilities for after-service health insurance benefits. The measures provided, inter alia, for the transfer of $250.0 million from unencumbered balances and savings on, or cancellation of prior period's obligations of, active peacekeeping missions as at the end of the 2005 fiscal year. **Depending on what the General Assembly may decide, there may be a consequential impact on the financing of UNMISET and other peacekeeping operations.**

14. The Advisory Committee was informed that, as at 31 December 2005, a total of $1,784,596,600 had been assessed on Member States in respect of the United Nations Transitional Administration in East Timor (UNTAET) and UNMISET since the inception of the Mission. Payments received as at the same date amounted to $1,747,669,500, leaving an outstanding balance of $36,927,100. As at 20 March 2006, the cash position of the Mission was $20,800,000 and unliquidated obligations for the period from 1 July 2004 to 30 June 2005 amounted to $2,113,000.

15. The Advisory Committee was informed that, as at 31 March 2006, total troop cost reimbursements with respect to UNTAET/UNMISET amounted to $335.3 million while total reimbursement with respect to contingent-owned equipment and self-sustainment amounted to $203.1 million. There are no outstanding liabilities with respect to troop, contingent-owned equipment and self-sustainment reimbursements. In respect of death and disability compensation, as at 31 March 2006, $1.4 million had been paid for 44 claims while unliquidated obligations amounted to $1.8 million. There are no pending claims.

III. Financing of the United Nations Mission of Support in East Timor (final disposition of assets) (A/60/703)

16. The Advisory Committee notes that the mandate of UNMISET was established by the Security Council in its resolution 1410 (2002) and was adjusted and extended by the Council in subsequent resolutions, the last of which was resolution 1573 (2004), by which the Council extended the mandate for a final period of six months until 20 May 2005 (A/60/703, para. 1). The Council, by its resolution 1599 (2005), established a one-year follow-on special political mission in Timor-Leste, UNOTIL, and terminated the mandate of UNMISET effective 20 May 2005.

17. UNMISET assets with a total inventory value of $16,987,200 were transferred to UNOTIL, with action on their disposition, including donation to the Government of Timor-Leste, to be taken upon the expiration of the mandate of UNOTIL. As a result of the adjustment of the UNMISET asset disposition plan, the total inventory value of assets donated to the Government of Timor-Leste as at 21 October 2005 amounted to $22,631,600, with a corresponding residual value of $9,293,700 (A/60/703, para. 3). Upon enquiry, the Secretariat clarified that residual value was defined as "the remaining book value after accounting for depreciation".

18. In table 1 of the Secretary-General's report on the final disposition of assets (A/60/703), the final disposition of assets is summarized as follows:

Summary of the final disposition of assets of the United Nations Mission of Support in East Timor

(Thousands of United States dollars)

Category	*Inventory value*
Group I: transferred to other missions or for temporary storage to the United Nations Logistics Base at Brindisi	25 902.5
Group II: disposed of in the Mission area	
Sold	2 385.0
Donated to the Government of Timor-Leste[a]	22 631.6
Group III: written off/lost	
Written off	3 927.5
Lost	404.6
Total	**55 251.2**

[a] Includes weapons with inventory value of $107,300 and corresponding residual value of $57,600.

19. Paragraphs 8 and 9 of the same report indicate that group I includes assets identified as meeting the requirements of peacekeeping operations or United Nations activities funded from assessed contributions. The items in this group, with an inventory value of $25,902,500 (46.9 per cent of total asset value), have been transferred to UNOTIL, other United Nations missions and the United Nations Logistics Base at Brindisi, Italy, for temporary storage pending future use. Further, group II consists of assets disposed of locally with an inventory value of $25,016,600, representing 45.3 per cent of the total inventory value of UNMISET assets. It includes assets donated to the Government of Timor-Leste with an inventory value of $22,631,600 (41 per cent of the total) and a corresponding residual value of $9,293,700. Assets with an inventory value of $2,385,000 (4.3 per cent of the total) were sold at a depreciated value to the United Nations Development Programme, the World Food Programme and the Government of Timor-Leste and to private companies and individuals on the basis of competitive bidding. The amount of $533,100, representing the proceeds of sale, was credited as miscellaneous income to the Special Account for UNMISET.

20. With regard to the above table, the Advisory Committee notes that group II included weapons with a residual value of $57,600. The Secretariat informed the Committee that weapons and related equipment were being donated to the Government of Timor-Leste to be used for training purposes.

IV. Conclusions

21. The action to be taken by the General Assembly in connection with the financing of UNMISET for the period from 1 July 2004 to 30 June 2005 is indicated in paragraph 22 of the performance report (A/60/614). **The Advisory Committee recommends that the unencumbered balance of $3,604,500, as well as other income and adjustments in the amount of $13,171,400, be credited to Member States in a manner to be determined by the General Assembly.**

22. **The Advisory Committee recommends that the General Assembly take note of the report on the final disposition of the assets of UNMISET (A/60/703).**

Documentation

- Performance report on the budget of the United Nations Mission of Support in East Timor for the period from 1 July 2004 to 30 June 2005: report of the Secretary-General (A/60/614)
- Financing of the United Nations Mission of Support in East Timor: report of the Secretary-General (A/60/703)
- Financial performance report for the period from 1 July 2003 to 30 June 2004 and proposed budget for the period from 1 July 2005 to 30 June 2006 of the United Nations Mission of Support in East Timor: report of the Advisory Committee on Administrative and Budgetary Questions (A/59/736/Add.17)
- Thirty-eighth report of the Advisory Committee on Administrative and Budgetary Questions on the estimates in respect of special political missions, good offices and other political initiatives authorized by the General Assembly and/or the Security Council (A/60/7/Add.37)
- Progress report of the Secretary-General on the United Nations Office in Timor-Leste (for the period 13 May to 15 August 2005) (S/2005/533)
- General Assembly resolutions 59/13 A of 29 October 2004 and 59/13 B of 22 June 2005
- Security Council resolutions 1410 (2002) of 17 May 2002; 1573 (2004) of 16 November 2004; and 1599 (2005) of 28 April 2005